

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 777 - SB 774

March 19, 2021

SUMMARY OF BILL: Requires a local education agency's (LEA) Basic Education Program (BEP) calculation for the 2021-22 school year to be equal to the BEP calculation for the 2020-21 school year, if a lower amount of funding is generated for the 2021-22 school year. Requires the Department of Education (DOE) to make BEP calculations and comparisons in funding before making any adjustments to the instructional salaries and wages category of the BEP in each respective year. Establishes that such BEP calculation is to be utilized only for the 2021-22 school year and not subsequent years.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$8,906,000/FY21-22

The Governor's proposed budget for FY21-22, on page A-35, recognizes a one-time increase in state expenditures to the General Fund in the amount of \$20,000,000.

Assumptions:

- BEP funding is primarily driven by a school's prior year average daily membership (ADM). The Covid-19 Pandemic has caused LEAs to experience a decrease in ADM in FY20-21.
- This legislation prevents LEAs from receiving less funding due to decreases in ADM in FY21-22 by creating a minimum funding level for LEAs based on their FY20-21 BEP allocation.
- Re-calculating the BEP using the greater amount generated in FY20-21 for FY21-22 will result in an increase in the state share of the BEP by \$8,906,000 in FY21-22.
- Based on FY20-21 local maintenance of effort levels, BEP local match contributions will increase for eight school districts as a result of the proposed legislation; however, those districts are currently contributing local funds in excess of the minimum required local match and the increased local match requirements mandated by this legislation do not exceed such current local contributions.
- However, future legislation which alters the BEP funding formula may result in local governments utilizing current excess local contributions to fund the minimum local match requirement and a combination of multiple such legislation may result in mandatory increases in local match requirements for certain school districts.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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